

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Chile

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Latin American Exports to China Grow 1200 percent in 10 years

Report Categories:

Agriculture in the News

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Report Highlights:

Food and raw materials are the main products imported from Latin America.

General Information:

Exports from Latin America to China have increased 1200 percent over the last decade, according to the Latin-American Economic System (SELA), while imports from China to the region have increased 800 percent.

Such has been the importance the Asian giant that China has overtaken the United States as the top trade partner for both Chile and Brazil, with trade between Chile and China increasing an average of 29 percent per year since the two countries signed a free trade agreement in 2005.

The rise of exports to China is largely due to its high demand for primary products such as food and raw materials, of which Latin America is a reliable provider. These primary goods are required to sustain China's rapidly expanding economy, which has averaged an 8 percent annual growth over the last decade.

"China has become a strategic partner for Latin America and the Caribbean," said Alicia Bárcena, Executive Secretary of the UN Economic Commission for Latin America and the Caribbean (CEPAL), in El Mercurio. "There are many opportunities for exportation and investment agreements in the areas of mining, engineering, agriculture, infrastructure, science and technology."

Brazil is China's largest Latin American trade partner, making up 35.2 percent of trade between China and Latin America, with Chile in second place at 14.7 percent. They are followed by Mexico, making up 13.4 percent.

Chile's exports to China are led overwhelmingly by copper: the semi-precious metal makes up 79.6 percent of Chilean goods sent to the Asian nation. Wood, at 6 percent, and iron, at 3.5 percent, are Chile's other key export products.

Demand for Chilean food products has also become an important factor in the Chinese market. In 2010, 81 percent of the frozen trout in China came from Chile, along with 75 percent of fresh cherries and 74 percent of plums.

Brazil's leading Chinese exports include iron, soy grains and petroleum, while Mexico focuses on manufacturing and electronic goods.

There are positives and negatives, however, in Latin America's trade relationship with China. Although the relationship gives the region access to affordable mass-produced goods from China, experts point out that these low costs can cause problems for local companies, who struggle to compete on price.

Alicia Bárcena told El Mercurio that the relationship could be further improved by creating "a bi-regional commercial alliance, increasing the amount of mutual investment, innovation and cooperation in education, science and technology."

This article was adapted from an article in the Santiago Times newspaper www.santiagotimes.cl

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